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Title: Need to pronounce new financial schemes for the welfare and development of the rural entrepreneurs in Khadi & Village Industries Sector.

SHRI CHENGARA SURENDRAN (ADOOR): Both 'Khadi and Village industries Board' and 'Khadi and Village Industries Commission' (KVC) were established with the broad objectives of providing employment to the small and medium entrepreneurs in the rural areas of the country with minimum investment. Till the inception of Consortium Bank Credit Scheme in 1996, these entrepreneurs were assisted by the scheme popularly known as Pattern Scheme. Under this Scheme direct financial assistance was available with 0% interest to Khadi and 4% interest to Village Industries and also various grants and technical assistance were extended under the scheme. Moreover, the entrepreneurs belonging to SC/ST Category needs no guarantee up to certain loan amounts since inception of Consortium Bank Credit Scheme the entrepreneurs are put to in great hardships since they have to fulfill various complex guarantee conditions of the banks. The interest rate of the CBC Scheme is very high. The newly introduced Margin Money Scheme also requires complex guarantee conditions.

The shift from the Pattern Scheme to CBC and Margin Money Scheme has created acute social problems. Hundreds of entrepreneurs in this sector are now facing revenue recovery steps. In order to tide over this situation, I put forth the following suggestions for favourble consideration of the Union Government.

a) Declare Comprehensive new priority for the development of the Khadi and Village Industries sector.
b) Chalk out new direct finance schemes targeting the low income group artisans.
c) Reduce present interest rates and curtail penal interest under CBC Scheme.
d) Declare moratorium to all repayments under CBC Scheme for the next two years.
e) Provide sufficient budgetary support to Khadi and Village Industries Sector.